

Message Text

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11

ACTION ARA-20

INFO OCT-01 ISO-00 OPR-02 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 L-03 H-03 FTC-01 DODE-00

PA-04 USIA-15 PRS-01 SP-03 DRC-01 AID-20 /103 W

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R 262021Z JUN 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7456

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 2708

USCINCSO FOR POLAD

ROCAP

E.O. 11652: GDS

TAGS: PINT, ELAB, HO

SUBJECT: LABOR PROBLEMS IN U.S. OWNED COMPANY:

BEMIS-HANDAL TEXTILE FACTORY

REF TEGUCIGALPA 1042, & TEGUCIGALPA 2689

BEGIN SUMMARY: A DISPUTE BETWEEN THE BEMIS-HANDAL TEXTILE FACTORY, INC. (66 PERCENT U.S. OWNERSHIP) AND ITS UNION HAS RESULTED IN A UNION ULTIMATUM. IF THE COMPANY DOES NOT ACCEDE TO UNION DEMANDS THE UNION THREATENS TO STRIKE JULY 2. PROJECTED COMPANY RESPONSE TO IMPENDING STRIKE COULD CREATE SITUATION WITH POLITICAL PREPECUSSIONS. END SUMMARY.

1. A DISPUTE BETWEEN THE BEMIS-HANDAL TEXTILE FACTORY OF SAN PEDRO SULA, AND ITS UNION, SITRAETBEH, HAS LEAD TO A UNION STRIKE ULTIMATUM WITH A JULY 2 DEADLINE. BEMIS-HANDAL IS 66 PERCENT OWNED
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BY BEMIS CO., INC. OF MINNEAPOLIS. THE REMAINING 34 PERCENT

BELONGS TO COMPANY MANAGER CARLOS ALBERTO HANDAL, A MEMBER OF THE SAN PEDRO SULA ARAB COMMUNITY. ALTHOUGH THE DISPUTE'S ORIGINS ARE OBSCURE, THE CURRENT UNION DEMANDS ARE VERY SPECIFIC AND INCLUDE:

- A. THE FIRING OF THE PERSONNEL MANAGER AND THE CHIEF OF THE FINISHED GOODS DEPARTMENT;
- B. A 50 PERCENT INCREASE IN WAGES;
- C. MANAGEMENT FULFILLMENT OF ITS OBLIGATIONS UNDER THE LABOR CONTRACT;
- D. TWO HOUR DAILY REST WITH PAY FOR WOMEN WORKERS;
- E. SHIFT DIFFERENTIAL FOR NIGHT WORKERS
- F. IMPROVED WORKER TRANSPORTATION.

2. MANAGER HANDAL CALLED DCM BY PHONE JUNE 25 TO ASK THAT EMBASSY INTERVENE DIRECTLY WITH CHIEF OF STATE LOPEZ TO STOP ILLEGAL STRIKE. DCM REPLIED THAT DIRECT EMBASSY PARTICIPATION IN RESOLUTION OF DISPUTE WAS IMPOSSIBLE. LABOFF VISITED HANDAL JUNE 27 AND SUGGESTED THAT BEST COURSE FOR COMPANY WOULD BE TO FOLLOW THE STEPS OUTLINED IN THE LABOR CODE WHICH CALL FOR APPEAL TO THE LABOR MINISTRY IF THE COMPANY IS HIT BY WHAT IT REGARDS AS ILLEGAL STRIKE. (HANDAL'S VIEW THAT STRIKE WOULD BE ILLEGAL IS LIKELY CORRECT SINCE LABOR CODE ESTABLISHED ELABORATE PROCEDURES FOR A LEGAL STRIKE AND THESE STEPS HAVE NOT BEEN TAKEN BY UNION).

3. HANDAL AGREED THAT COMPANY WOULD FOLLOW STEPS OUTLINED IN CODE AND SAID THAT THE FIRST STEP HAD ALREADY BEEN TAKEN BY ASKING FOR INVESTIGATION BY SAN PEDRO SULA OFFICE OF LABOR MINISTRY. HOWEVER, HANDAL WAS ADAMANT THAT IF MINISTRY DID NOT FULFILL ITS RESPONSIBILITY

BY DECLARING STRIKE ILLEGAL, HE WOULD NOT ALLOW GOH MEDIATION. HE INDICATED HIS WILLINGNESS TO TAKE A LONG STRIKE BEFORE GIVING IN ON THIS PRINCIPLE AND SWORE THAT THERE WOULD NOT BE ANOTHER "CURTIDOS" IN SAN PEDRO. "CURTIDOS" IS THE TANNING PLANT THAT SUFFERED A WILDCAT STRIKE WHICH WAS SETTLED BY GOH MEDIATION WITHOUT DECLARING STRIKE ILLEGAL. (SEE REFTEL). IF A STRIKE IS DECLARED ILLEGAL THE COMPANY WOULD HAVE THE RIGHT TO FIRE ALL STRIKERS. HANDAL SAID THAT "WE WILL NOT HAVE (LABMIN) GAUTAMA FONSECA IN HERE ASKING US TO BEND IN FAVOR OF A COMPROMISE SOLUTION."

4. THE DEMANDS AGAINST THE COMPANY ARE BEING PUSHED BY THE UNION LEADERSHIP WHICH IS DEMOCRATIC (THE UNION IS AFFILIATED WITH CONFIDENTIAL

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FESITRANH). HOWEVER, FOR THE PAST YEAR THERE HAS BEEN LEFTIST PREASSURES AGAINST THE DEMOCRATIC LEADERSHIP. IS IS POSSIBLE THAT THE CURRENT CRISIS IS AT LEAST PARTLY MOTIVATED BY LEFTIST POLITICAL AMBITIONS DIRECTED TOWARD TAKING OVER UNION LEADERSHIP. WHATEVER THE SOURCE, THERE IS STRONG ANTI-COMPANY FEELING IN THE UNION'S RANK AND FILE. IN A CONVERSATION WITH LABOFF JUNE 27 FESITRANH ACTIVIST PABLO REYES ACCUSED THE COMPANY OF A LONG TIME ANTI-UNION ATTITUDE AND ATTACKED THE COMPANY PERSONNEL MANAGER, SAYING THAT HE

HAD BEEN FIRED FROM HIS LAST TWO POSITIONS AT THE INSISTENCE OF THE WORKERS.

5. COMMENT: WHATEVER THE JUSTICES OF THE UNION CASE, ITS INSISTENCE UPON STRIKE AND COMPANY MANAGEMENT'S STAND CAN CAUSE A TOUCHY POLITICAL SITUATION FOR THE GOH. GIVER THE SUPPORT THAT HANDAL ALREADY HAS FROM THE SAN PEDRO SULA AREA CHAMBER OF COMMERCE AND THE HONDURAN PRIVATE ENTERPRISE COUNCIL (COHEP) AND FESITRANH'S POLITICAL NECESSITY TO SUPPORT ITS AFFILIATE, THE POSSIBILITY IS PRECLUDED OF KEEPING THE PROBLEM IN THE REALM OF A SIMPLE LABOR RELATIONS QUESTION BETWEEN A COMPANY AND ITS UNION. THE PRIVATE SECTOR IS ANNOYED SEEING WHAT THEY REGARD AS ILLEGAL STRIKES BEING SETTLED OUTSIDE LEGAL CHANNELS. LABMIN FONSECA SAW THE EARLIER "CURTIDOS" EPISODE AS AN ATTEMPT OF THE NORTH COAST BUSINESS COMMUNITY TO BREAK GOH-LABOR SOLIDARITY BY FORCING THE OH TO COME DOWN AGAINST LABOR BY FINDING A STRIKE ILLEGAL. HE IS LIKELY TO SEE THE CURRENT PROBLEM IN THE SAME LIGHT. IF THE STRIKE OCCURS AND FONSECA'S MINISTRY FAILS TO APPLY THE LABOR CODE TO THE LETTER, A POLITICALLY DANGEROUS SITUATION WILL EXIST FOR THE GOH AND PRESSURES WILL INCREASE AS THE STRIKE WEARS ON.

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